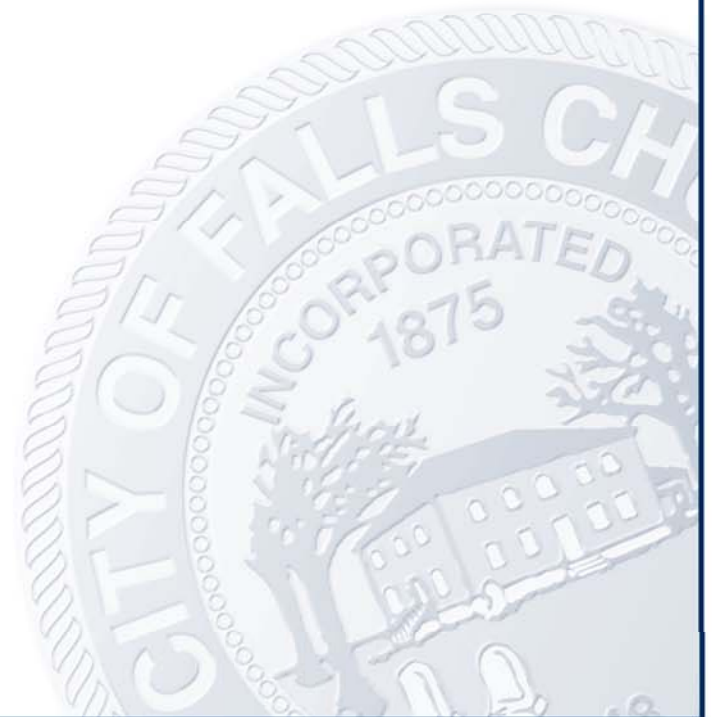


Town Hall Meeting FY2010 Budget Discussion

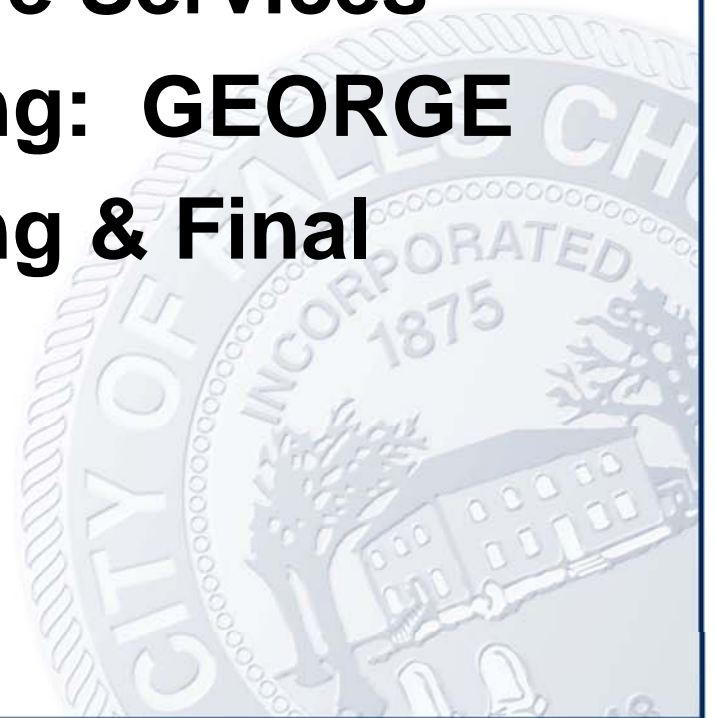
April 4, 2009

Wyatt Shields, City Manager
(wshields@fallschurchva.gov)



Schedule

- **April 4: Town Hall Meeting**
- **April 6: Administrative Services**
- **April 13: Public Hearing: GEORGE**
- **April 27: Public Hearing & Final Adoption**



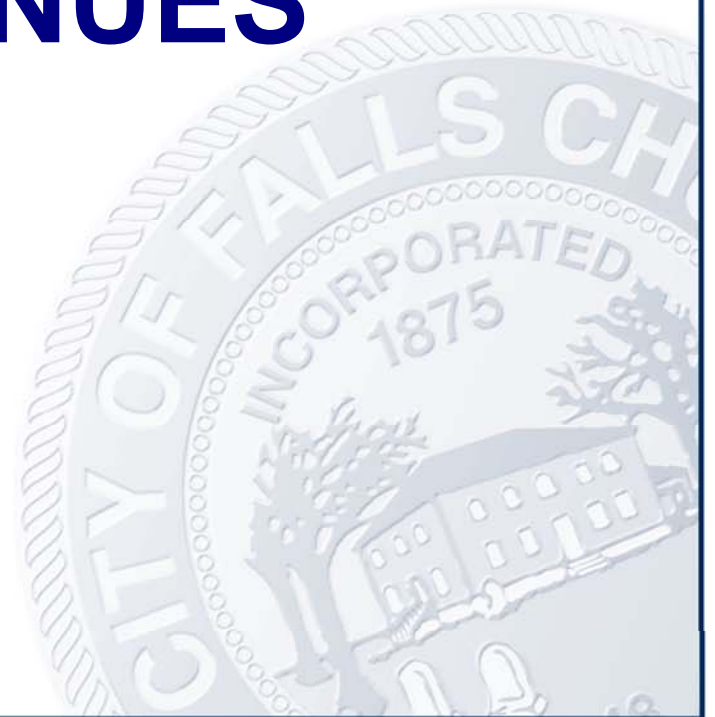
Summary

- **General Government expenditures, down 3.2%**
- **School Board request, down 1.6%**
- **RE tax rate increase:**
 - **CM Budget Proposal \$1.07**
 - **Advertise \$1.09**
- **Water/sewer rates: No Change**

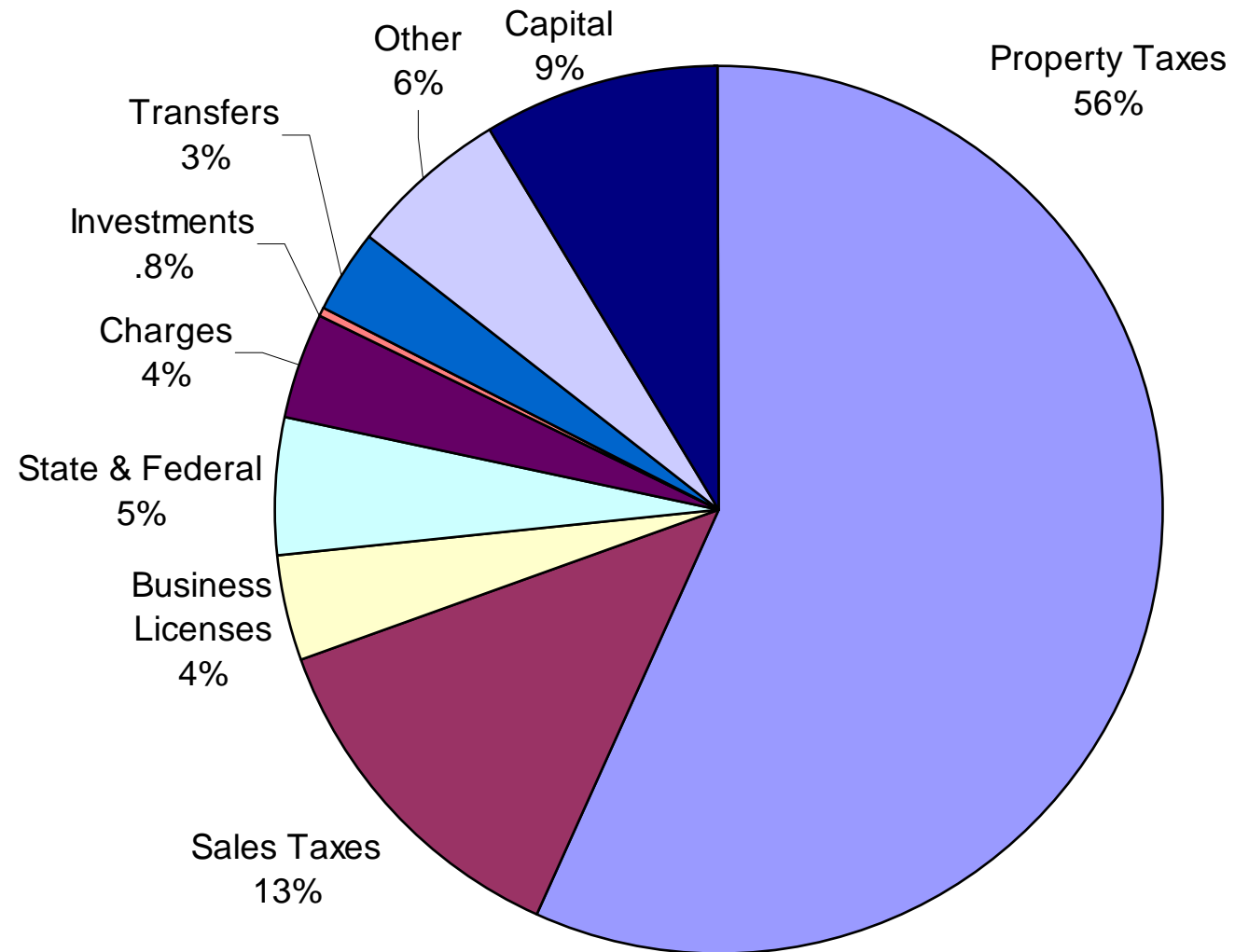
Summary

- **Major Reductions**
 - Pay Freeze for General Government Employees
 - 7 Positions Defunded
 - GEORGE Bus Service Defunded
- **Capital Improvements:**
 - Minimal use of fund balance
 - Planning for major needs in “out years”
 - Federal funds where available

FY2010 REVENUES



Revenue Sources



Operating Revenues

	FY2009	FY2010	\$ Change	% Change
Property Taxes	41,314,936	41,167,131	(147,806)	-0.36%
Meals & Utility	5,168,000	5,352,400	184,400	3.57%
Sales Taxes	4,503,200	3,875,000	(628,200)	-13.95%
Business Licenses	3,207,962	2,853,198	(354,764)	-11.06%
Building Permits	915,624	394,483	(521,141)	-56.92%
State & Federal	3,699,079	3,663,613	(35,466)	-0.96%
Charges & Fees	2,072,542	2,446,444	373,902	18.04%
Investments	650,000	214,000	(436,000)	-67.08%
Interfund Transfers	2,802,582	2,212,411	(590,171)	-21.06%
Other	3,669,061	4,059,780	390,719	10.65%
	68,002,986	66,238,460	(1,764,527)	-2.59%

Total Revenues

	FY2009	FY2010	\$ Change	% Change
Operating Revenue	68,002,986	66,238,460	(1,764,527)	-2.59%
Other Financing Sources	6,000,000	6,095,000	95,000	1.58%
Fund Balance	2,618,980	246,941	(2,372,039)	-90.57%
TOTAL	76,621,966	72,580,401	(4,041,566)	-5.27%

2009 Assessed Values Down 2.5% Overall

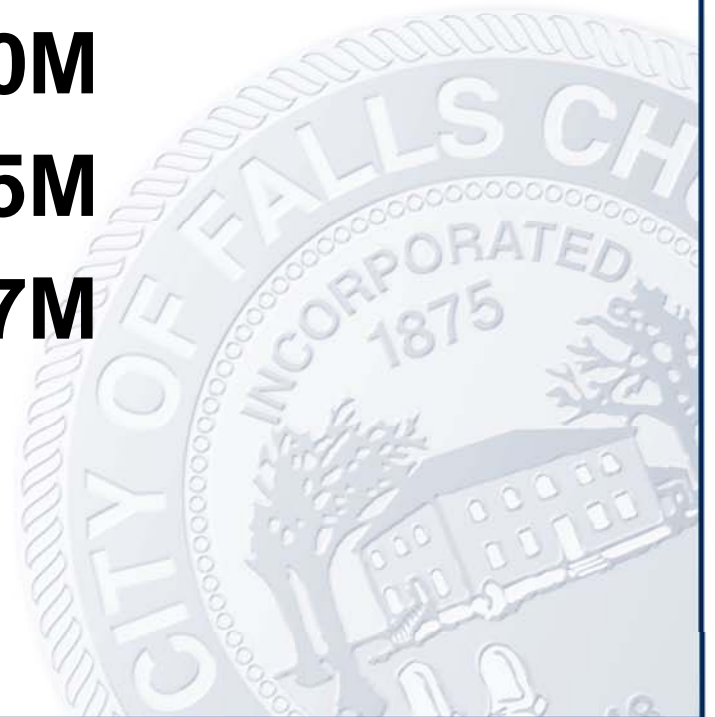
- Single Family: down 3.0%
- Townhouses: down 1.5%
- Condominiums: down 7.4%
- Commercial: up 1.0%
- Apartments: up 2.1%

Figures include new construction: \$66.7 million



New Construction

- 2006: \$ 92.5M
- 2007: 128.0M
- 2008: 108.5M
- 2009: 66.7M



Property Tax on Median Home

- **2007 median home value \$651,600**
 - Tax: \$1.01 per 100 = \$6,581
- **2008 median home value \$622,000**
 - Tax: \$1.03 per 100 = \$6,407
- **2009 median home value \$605,950**
 - Tax: \$1.07 per 100 = \$6,483
 - Increase of \$76 or 1.2%

Comparative Tax Rates

	2008	2009	Special Taxing Districts		Comm.	2010 *
1	Leesburg	1.32				1.49
2	Manassas Park	1.24				31 Mar
3	Herndon	1.16				1.30
4	Loudoun	1.14	0.13	0.30		1.29
5	Vienna	1.12				6 April
6	Manassas (w fire)	1.05				1.37
7	Falls Church	1.03				1.07
8	Prince William	0.97	0.00	0.20		1.20
9	Fairfax County	0.92	0.01	0.22	1.15	1.04
10	Arlington	0.85	0.04	0.14	.98	.88
11	Alexandria	0.85				.89
12	City of Fairfax	0.79	0.00	0.22		.94

Fees and New Revenues

Meals Tax Discount Eliminated: \$20,000

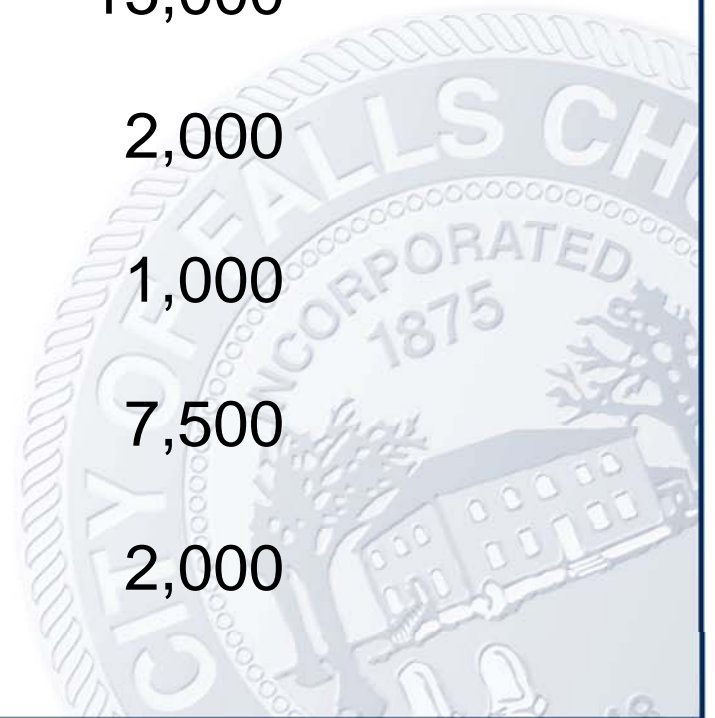
Zoning, Planning & Arborist Fees: 15,000

False Alarm Fees: 2,000

POD Permit Fees/Block Party Fees: 1,000

Mulch Delivery: 7,500

Metal Recyclables: 2,000



FY2010 EXPENDITURES

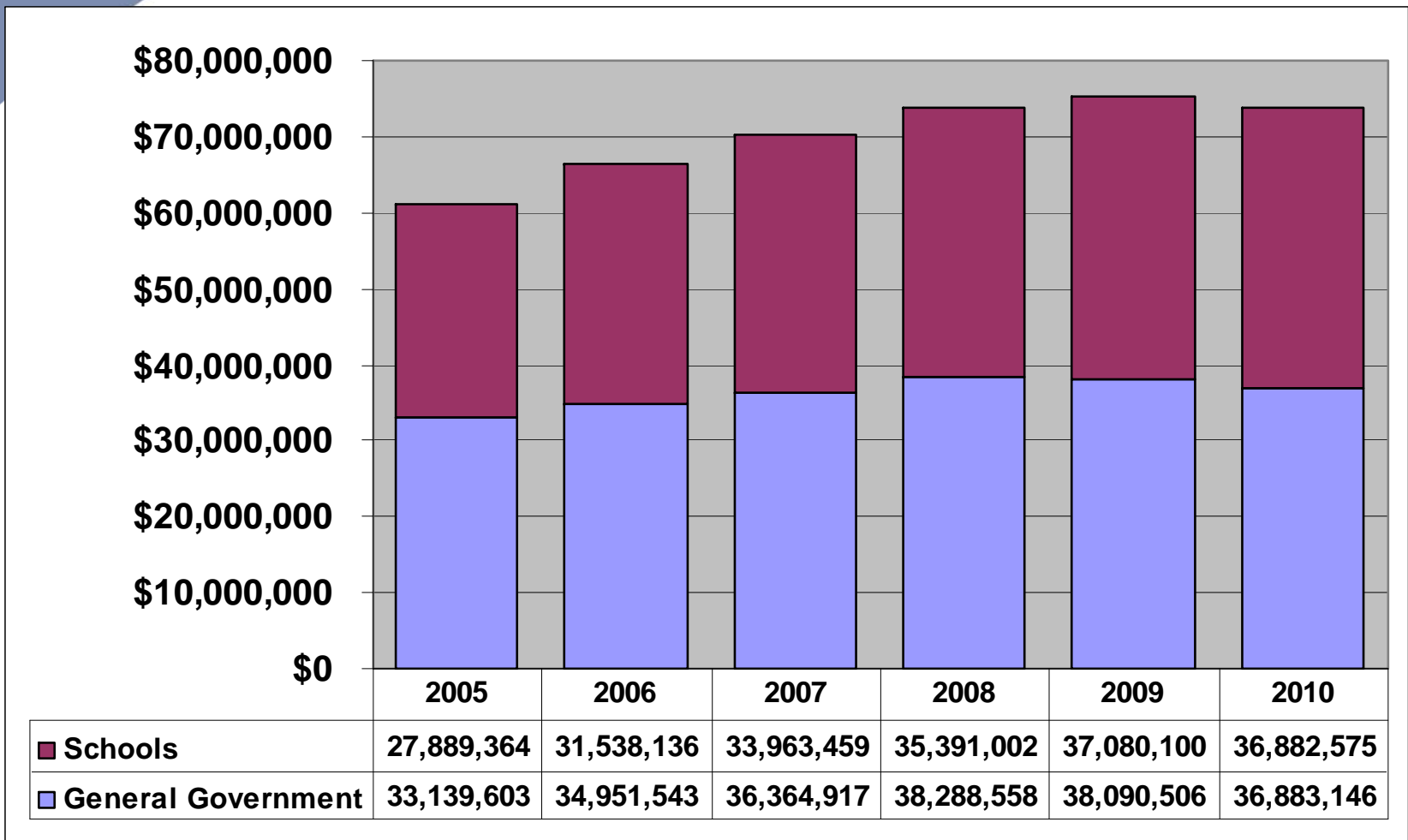


Expenditures

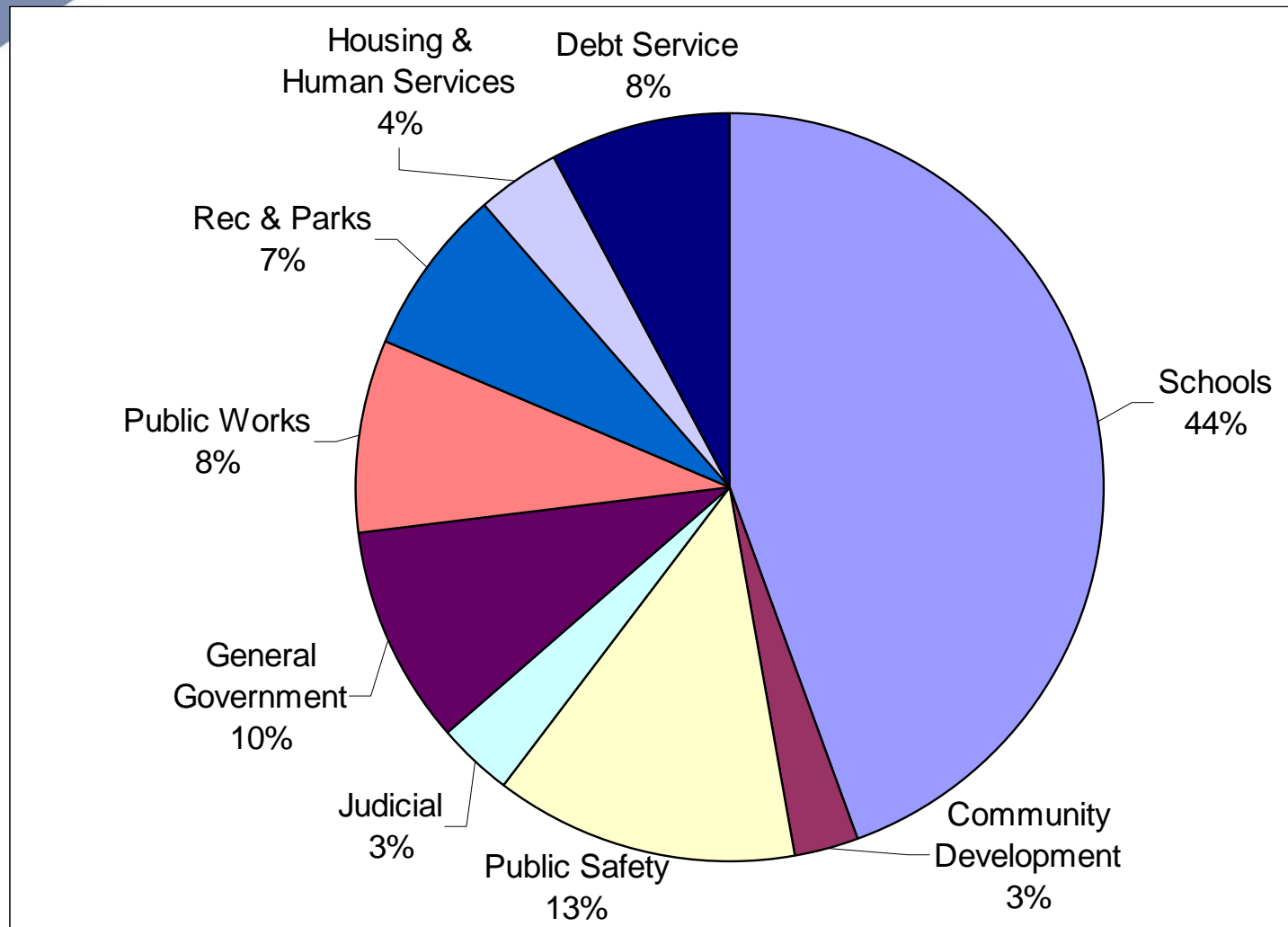
	2009	2010	Change
General Government*	38,090,506	36,883,146	-3.2%
School Transfer	30,117,600	29,624,825	-1.6%
Pay-as-you-go	2,401,480	113,000	-95.2%
Total	\$70,609,586	\$66,620,971	-5.7%

*includes debt service

Operating Expenditures



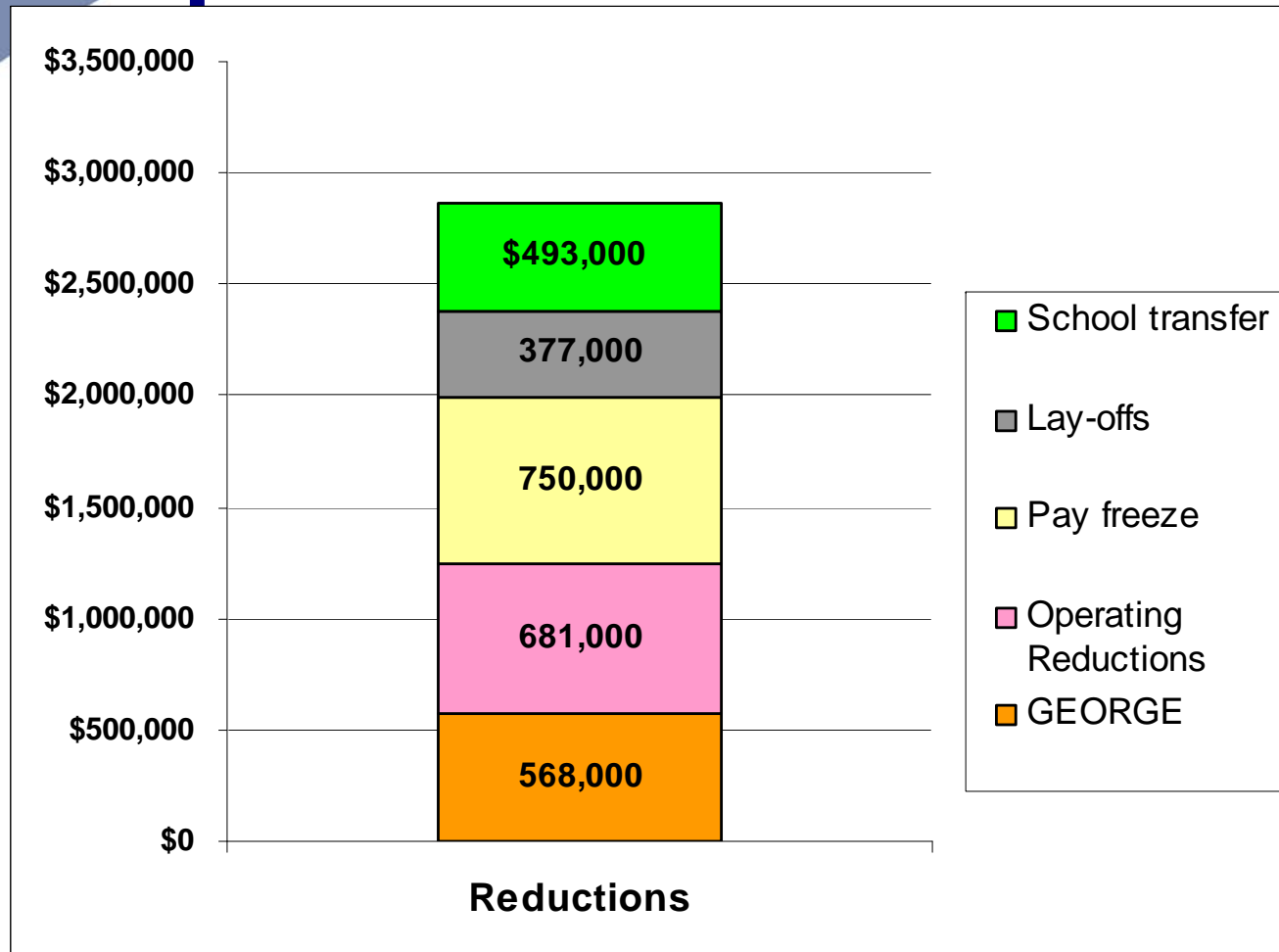
Expenditures



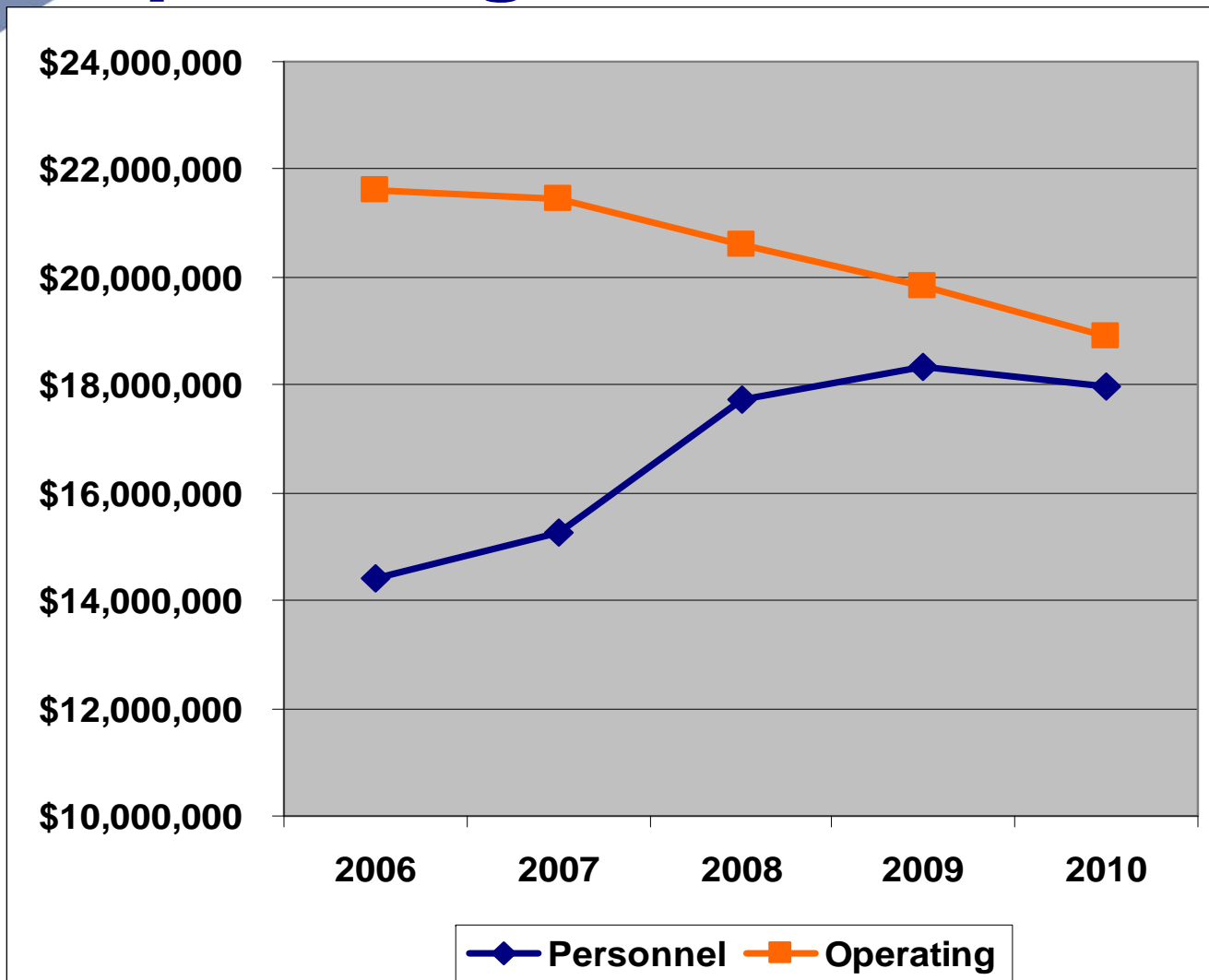
GAP

- Revenue Decline 1,760,000
- “Natural” Cost Growth 2,540,000
- **Gap** **\$4,300,000**

Expenditure Reductions



Operating Cost Trends



Reductions in Operating Costs

	FY2009	FY2010	\$ Change	% Change
Schools & NoVa	\$ 30,129,980	29,637,120	(492,850)	-1.64%
Administration	6,774,523	6,405,491	(369,033)	-5.45%
Public Safety	8,666,427	8,713,614	47,187	0.54%
Community Services	9,588,644	9,385,965	(202,679)	-2.11%
Development Services	1,839,939	1,721,900	(118,039)	-6.42%
Environmental Services	5,450,877	5,035,797	(415,080)	-7.61%
Debt Service	5,315,096	5,150,380	(164,716)	-3.10%
WMATA (GEORGE)	455,000	5,000	(450,000)	-98.90%
Total	68,220,486	66,055,267	(2,165,210)	-3.17%

Personnel Costs

- **Personnel is 50% of General Government Budget**
 - **Pay Freeze: \$750,000 cost reduction**
 - **Health Insurance: \$60,000 increase**
 - **Pension costs: \$133,000 increase**
 - **Position Reductions: \$377,000 decrease**

Personnel Reductions

- **7 Positions Defunded**
- **3 Part Time**
 - Human Resources Specialist
 - Urban Environmental Inspector
 - Food Service Provider (hours reduced)
- **4 Full Time**
 - Police Officer (Vacant)
 - City Manager's Office Administrative Assistant
 - Emergency Management Specialist
 - Housing Development Specialist
- **Service Impacts**



GEORGE Service Options FY2010



Options

1. No change to services
2. Keep Operator (WMATA) and make route and/or fare changes
3. Team with ART
4. Team with ART and make route and/or fare changes
5. Eliminate GEORGE service
6. Eliminate GEORGE, support transit / multimodal alternatives

GEORGE Annual Ridership

FY2004	68,773
FY2005*	65,954
FY2006	75,478
FY2007	69,491
FY2008	70,911

*** Weekend and late evening service discontinued**

GEORGE Cost

- **WMATA Platform Hour Cost**

FY2004 - \$64

FY2005 - \$69

FY2006 - \$74

FY2007 - \$77

FY2008 - \$80

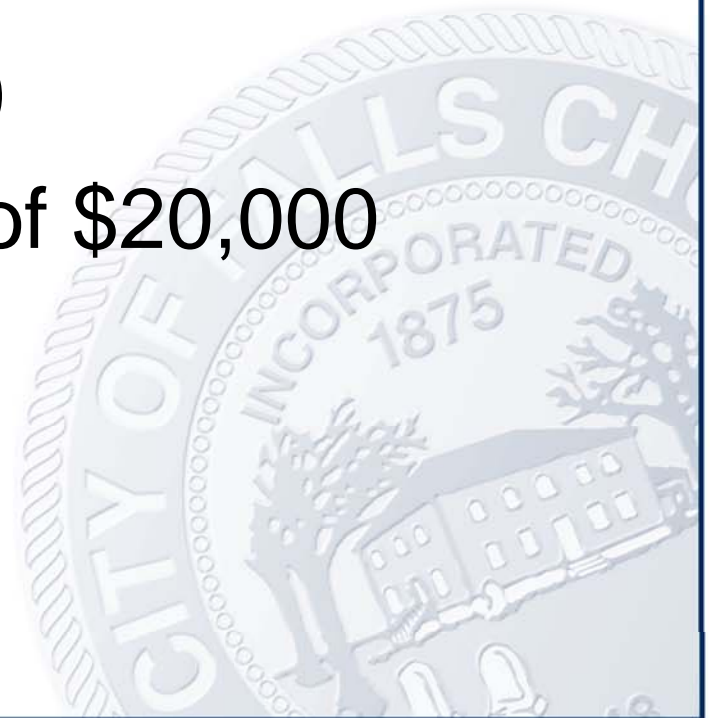
FY2009 - \$102

FY2010 - \$99

This fee covers:
Personnel (drivers)
Maintenance
Fuel, Tires, Insurance

FY 2010 Estimated Cost

- Gross Cost of \$635,000
- Fare Revenue of \$18,000
- Developer Contributions of \$20,000
- Net Cost ~ \$600,000



OPTIONS SUMMARY	Estimated FY 2010 City Cost
No Change - Keep Operator, Routes, Fares	\$600,000
Keep WMATA, Eliminate 26A	\$425,000
Keep WMATA, Eliminate 26A, Raise Fare	\$405,000
ART Operator, Keep Routes, Fares	\$540,000
ART Operator, Eliminate 26A	\$380,000
ART Operator, Eliminate 26A, Raise Fare	\$360,000
Eliminate GEORGE Service	\$0
Eliminate GEORGE Service, Support Transit / Multimodal Alternatives	\$0 - \$280,000

Examples of Reductions

	FY2009	FY2010	
Lease/Rental of Buildings	\$ 60,328	\$ 58,753	-3%
IT Support Contract	625,000	592,000	-5%
Computers and Software	332,743	203,266	-39%
Salaries - Overtime	478,451	432,683	-10%
Office Supplies	98,017	88,635	-10%
Computer Software	67,293	58,766	-13%
Telecom	258,676	205,593	-20%
Operating Supplies	131,431	104,176	-22%
Equipment Rental	671,779	531,884	-21%
Uniforms	66,055	50,400	-24%
Travel Conferences/Education	160,442	108,875	-32%
Professional Services	1,313,335	789,729	-40%
Watch Night	4,000	0	-100%
Calendar	10,000	0	-100%

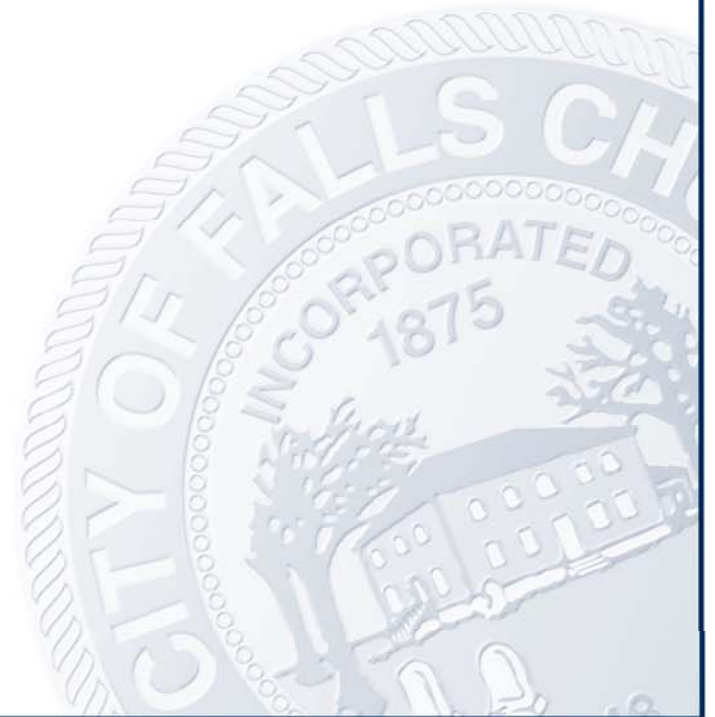
Areas Preserved

- **Library Hours and Book Purchases**
- **Community Center Hours**
- **Employee Pension and Retiree Health Care (costs fully funded)**
- **Climate Initiative**
- **Storm Water Programs**
- **Community Service Fund (reduced by \$5,000)**
- **Rent Relief/Emergency Assistance**
- **Public Safety**

Issues to Consider FY2011 and Beyond

- Increasing pension contributions
 - Full effect of stock market declines to be felt for 3-5 years (\$200K+ per year)
- Continued slow pace of development
 - New construction limited to homeowner improvements
- Continued slow residential real estate market
 - No growth in assessments

Capital Improvements Program



Bond Ratings

Rating	S&P	Moody's	Fitch
Highest quality	AAA	Aaa	AAA
	AA+	Aa3	AA+
High quality	AA	Aa2	AA
	AA-	Aa1	AA-
	A+	A3	A+
Upper medium quality	A	A2	A
	A-	A1	A-
Medium grade	BBB	Baa	BBB
Somewhat speculative	BB	Ba	BB
Low grade, speculative	B	B	B
Low grade, default possible	CCC	Caa	CCC
Low grade, partial recovery possible	CC	Ca	CC
Default, recovery unlikely	C	C	C

Five Year CIP

PROJECT	FY2010*	Five Year
PUBLIC SAFETY	0	823,000
TRANSPORTATION	2,336,846	5,927,820
PUBLIC WORKS	390,000	18,476,000
RECREATION & PARKS	0	700,000
SCHOOLS	0	31,965,000
TOTAL	\$2,726,846	\$57,891,820
*FY2010: \$113k PAUG rest is grant/ only if grant funded		

CAPITAL IMPROVEMENTS PROGRAM

FUNDING SOURCE	FY2010	Five Year
Grants/Other Funded	1,773,846	2,244,333
Conditional (grant/revenue)	840,000	8,376,000
Debt*	0	45,478,500
School Fund Balance Use	0	1,165,000
PAUG	113,000	628,187
TOTAL	\$2,726,846	\$57,892,020
* City Manager not recommending \$4M debt in FY2010		

Planning Commission Recommendation

- **Adopted CIP on February 17th**
- **Modified City Hall/Public Safety Project:**
 - **Reduced by \$2M (\$14M to \$12M)**
 - **Allocated \$2M to FY2010 Library Expansion**
 - **Moved \$2M for FY2010 City Hall/Public Safety**
- **\$4M not included in City Manager's recommended FY2010 Budget**
 - **Pending completion of Feasibility Study**

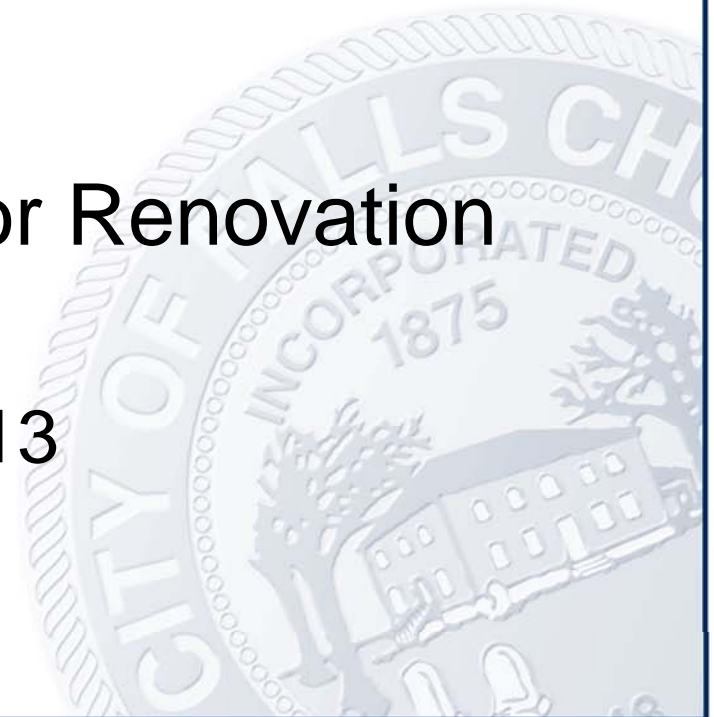
General Fund Debt Service

Function		Amount
Schools	\$	3,476,021
General Government		1,551,689
Open Space		122,678
Total	\$	<u>5,150,380</u>

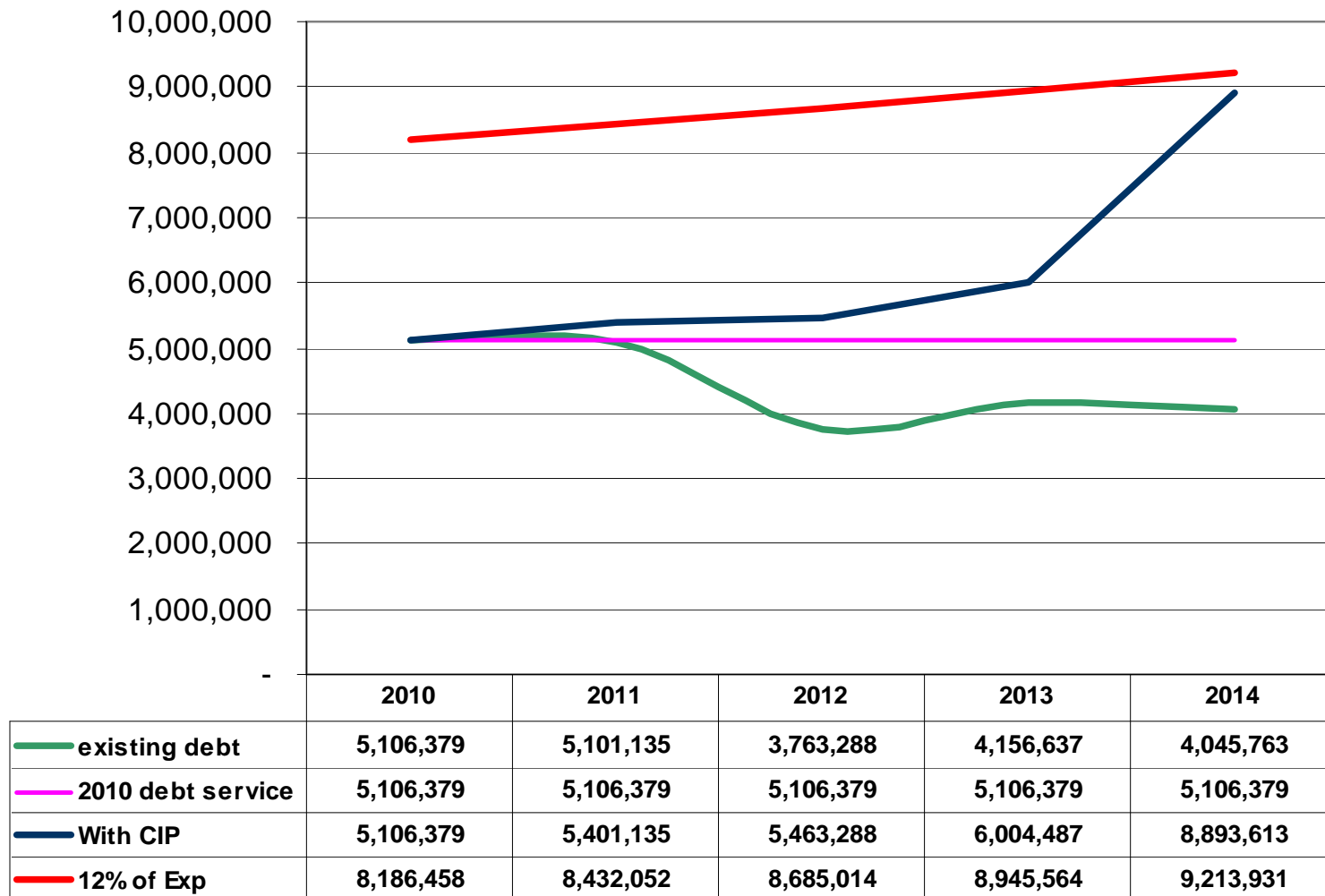
Debt service down 3.1% from FY2009

Long Range CIP Considerations

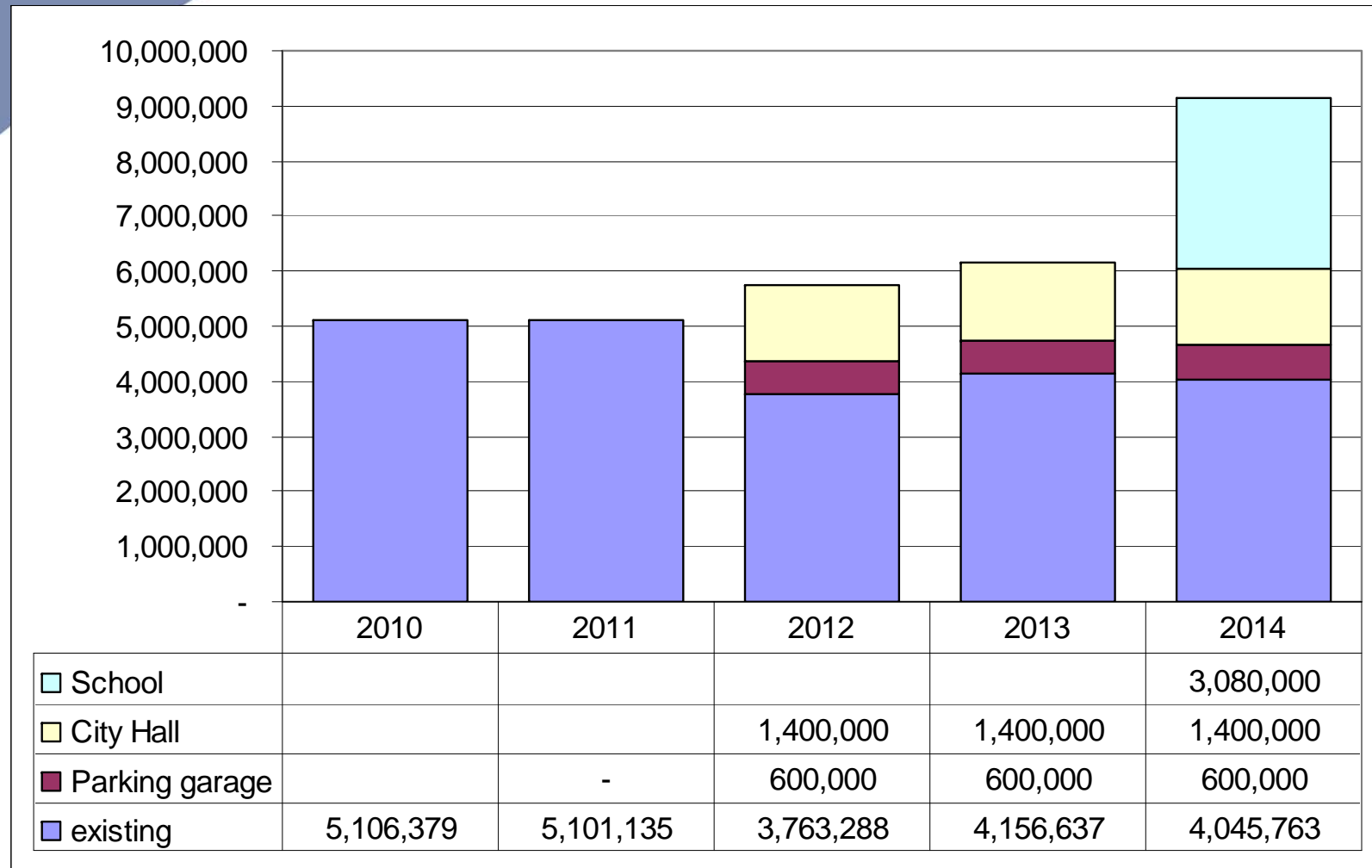
- City Hall / Public Safety / Library
 - \$14 million
 - Debt financed FY2011
- School Construction/Major Renovation
 - \$30.8 million
 - Debt financed FY2012/2013



Debt Service Affordability



Debt Service Affordability



GAP Scenario 3% Growth

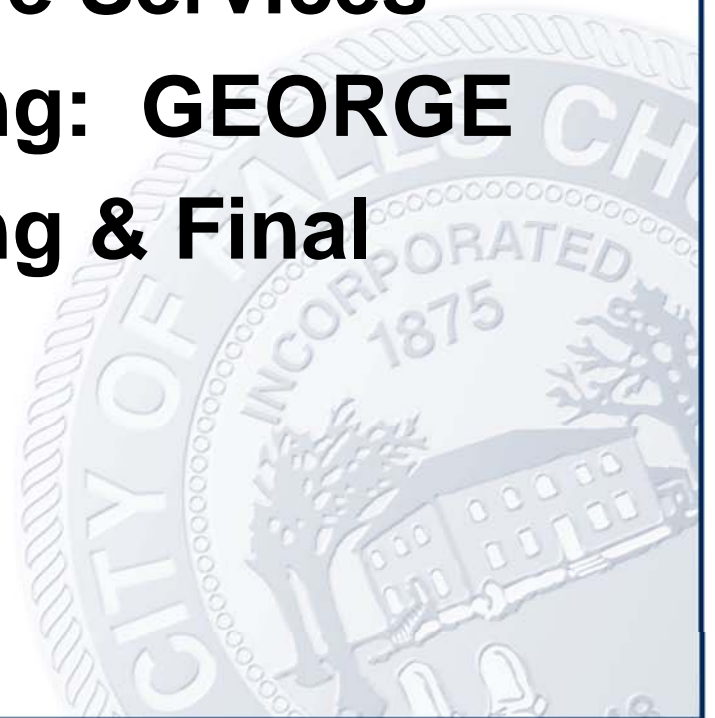
	2010	2011	2012	2013	2014
Revenues	66,472,641	66,472,641	66,472,641	66,472,641	66,472,641
BJ's sales tax		500,000	500,000	500,000	500,000
	66,472,641	66,972,641	66,972,641	66,972,641	66,972,641
Expenditures	66,472,641	66,472,641	68,927,650	71,480,859	74,136,197
4% school transfer		1,183,580	1,230,922.99	1,280,159.91	1,331,366.31
4% general growth		1,271,429	1,322,286.24	1,375,177.69	1,430,184.80
Pension cost		200,000	400,000	600,000	800,000
Debt Service (existing)		(5,243)	(1,247,847)	(854,498)	(965,372)
Debt Service (new)					
City Hall			1,400,000	1,400,000	1,400,000
School			-	-	3,080,000
	66,472,641	69,122,407	72,033,012	75,281,699	81,212,376
The Gap	-	2,149,766	5,060,371	8,309,058	14,239,735

GAP Scenario 3% Growth

	2010	2011	2012	2013	2014
Revenues	66,472,641	68,466,821	70,520,825	72,636,450	74,815,543
Northgate		200,000	400,000	400,000	400,000
City Center			500,000	1,500,000	2,500,000
BJ's sales tax		500,000	500,000	500,000	500,000
	66,472,641	69,166,821	71,920,825	75,036,450	78,215,543
Expenditures	66,472,641	66,472,641	68,927,650	71,480,859	74,136,197
4% school transfer		1,183,580	1,230,922.99	1,280,159.91	1,331,366.31
4% general growth		1,271,429	1,322,286.24	1,375,177.69	1,430,184.80
Pension cost		200,000	400,000	600,000	800,000
Exist. Debt Service		(5,243)	(1,247,847)	(854,498)	(965,372)
City Hall			1,400,000	1,400,000	1,400,000
School			-	-	3,080,000
Parking Garage			600,000	600,000	600,000
	66,472,641	69,122,407	72,633,012	75,881,699	81,812,376
The Gap	-	(44,414)	712,187	845,249	3,596,833

Schedule

- **April 4: Town Hall Meeting**
- **April 6: Administrative Services**
- **April 13: Public Hearing: GEORGE**
- **April 27: Public Hearing & Final Adoption**



**All Budget presentation are available
on the City's website**

<http://www.fallschurchva.gov>

Comments or Suggestions?

budget@fallschurchva.gov

